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ABSTRACT

An evaluation was made of the classroom and on-the-job training programs administered locally under Title I of the Comprehensive Employment and Training Act (CETA) in six states (California, Massachusetts, Illinois, Minnesota, Nevada, and Wisconsin). Based on samples of over 3,000 trainees during fiscal year 1976, it was found that job placement and retention (approximately one-third kept their jobs after six months) were low, while the cost per placement was high, ranging from $1,500 to $15,100. While factors such as the participants' capabilities and motivation affected the success of the training programs, it appeared that the programs needed substantial improvement. The following shortcomings were found to exist: (1) program sponsors did not adequately assess applicants before career planning; (2) counseling services were not provided; (3) dropouts occurred because of lack of motivation or transportation; (4) training was offered for occupations that had low demand in the job market; (5) trainees did not attain skill levels required for employment; and (6) participants were placed in jobs that were not related to their training, were seasonal, had a high turnover, or paid little more than minimum wage. It was also recommended that program management be improved, that performance standards be developed, that more comprehensive and accurate management information systems be devised, and that more adequate monitoring and evaluation be conducted. (ELG)

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ED169212

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Job Training Programs Need More Effective Management

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Over $1.8 billion was spent on classroom and on-the-job training programs during the first 3 years of the Comprehensive Employment and Training Act.

Some participants were successful in obtaining and retaining employment; many were not. The cost to place participants in unsubsidized jobs varied significantly.

This report contains recommendations to the Secretary of Labor for improving these programs.

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HRD-78-96

JULY 7, 1978

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-103922

To the President of the Senate and the
Speaker of the House of Representatives

This is our fourth and final report in a series of reports on how the Department of Labor is implementing the Comprehensive Employment and Training Act of 1973. Prepared because of interest expressed by many committees and Members of Congress, it discusses classroom and on-the-job training activities authorized under title I of the act.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget, and to the Secretary of Labor.

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

JOB TRAINING PROGRAMS NEED MORE EFFECTIVE MANAGEMENT

D I G E S T

Stronger and more active Federal oversight is needed for job training programs to make sure that the large amounts of the Federal dollars involved are being spent effectively.

Title I of the Comprehensive Employment and Training Act authorized the Department of Labor to fund and monitor locally administered programs to provide unemployed people with skills needed to find jobs. The act gave State and local authorities (called prime sponsors) a large role in planning and managing employment and training programs.

Labor makes grants to sponsors and provides technical assistance in developing plans, reviews plans to make sure that they meet legal and regulatory requirements, and monitors sponsors' activities.

About $1.8 billion of title I funds was spent for classroom and on-the-job training programs during fiscal years 1975-77.

GAO reviewed the effectiveness of training programs offered by 12 prime sponsors in six States--California, Illinois, Massachusetts, Minnesota, Nevada, and Wisconsin; over $129 million was spent.

PARTICIPANTS HAVE TROUBLE GETTING AND KEEPING JOBS

In a sample of over 2,000 classroom training participants who left training during fiscal year 1976, 49 percent obtained jobs after completing training--many obtained jobs not related to the training received. (See p. 6.) About 32 percent of the sample found employment and retained their jobs for at least 6 months.

Tear Sheet. Upon removal, the report cover date should be noted hereon.

For a sample of over 800 on-the-job training participants who left training during fiscal year 1976, 58 percent completed training and were retained by their employers. About 38 percent were with their training employer 6 months after training. (See pp. 23 and 24.)

Many of those who left training or their jobs were still unemployed at the time of GAO's contact--generally 6 months after the person left the program. (See pp. 8 and 24.)

COST OF TRAINING VARIED SIGNIFICANTLY

One measure of program effectiveness is the cost--including such items as facilities and instruction, allowances, counseling and assessment services, and administration--incurred by placing participants in unsubsidized jobs.

Classroom training costs ranged from about $2,800 per placement at one sponsor to about $15,100 at another. On-the-job training was less costly, ranging from about $1,500 per placement at one sponsor to about $14,600 at another.

The above amounts relate to all placements, whether or not the jobs related to the skills for which the participants were trained. The cost to place participants in jobs using the skill for which they were trained was correspondingly higher. (See pp. 9 and 24.)

FACTORS AFFECTING TRAINING COMPLETION AND JOB RETENTION RATES

The success of training programs may be affected by factors beyond the sponsor's control, such as the motivation and capabilities of individuals served and the economic conditions of the sponsor's area. However, GAO found evidence that prime sponsors' programs need substantial improvements.

Sponsors in many cases did not adequately assess applicants to determine their employability, aptitude, ability, and interests before planning their employment goals. Some participants were enrolled in training for which they were neither academically nor physically prepared. (See pp. 12 and 26.)

Often counseling services, which provide participants with guidance in developing employment goals and in helping to resolve problems that occur during training, were neither provided nor recorded.

Participants left training or their jobs for such reasons as lack of motivation and transportation problems. (See pp. 12 and 25.)

The act requires that training courses be offered in those occupations for which there are reasonable employment opportunities. Some of these courses, however, were not justified by available labor market surveys. Prime sponsors continued courses which had low placement rates and which labor market surveys forecasted as surplus or low-demand occupations. (See p. 15.)

Some training courses did not provide participants with skills needed to do the job. For example, less than a quarter of one sponsor's clerical participants could type at the 45 to 55 words per minute needed to qualify for available clerical jobs. (See p. 16.)

Participants were placed in jobs which (1) were not related to their training, (2) were seasonal, (3) had a high turnover rate, or (4) did not pay much more than the minimum wage. (See pp. 18 and 27.)

PROGRAM MANAGEMENT AND EVALUATION

Prime sponsors' abilities to administer their training programs were limited by management information systems' deficiencies and by limited and superficial monitoring. Labor's monitoring of training activities was similarly limited. (See pp. 32 and 36.)

Labor has not established performance standards although it has published performance indicators to measure title I programs' performance.

However, the indicators are inadequate because they have been established for title I as a whole, not for each type of activity, such as classroom training. (See p. 29.)

Existing management information systems did not provide prime sponsors with data on (1) the success participants had in getting jobs in skill areas for which they were trained, (2) how long they kept their jobs, (3) the cost of training programs, and (4) why participants left the program or did not obtain employment. Some information was also inaccurate and incomplete.

Labor representatives and prime sponsors were not adequately monitoring and evaluating training programs. As a result, officials were not aware of many deficiencies discussed in this report.

Labor representatives did not perform indepth analyses of training program effectiveness. Instead, they relied on (1) federally required reports containing only general data, (2) prime sponsors' management information systems, and (3) impressions obtained from occasional site visits.

Prime sponsors' monitoring efforts were similarly inadequate.

The State Manpower Services Councils and the sponsors' planning councils did not perform the independent monitoring and evaluation required by the act, but relied on data generated by the sponsors' management information systems and the quarterly reports submitted to Labor. (See p. 39.)

RECOMMENDATIONS

Recommendations in this report to the Secretary of Labor for improving program administration include

--offering training courses justified by labor market surveys;

--documenting counseling sessions more precisely, with particular attention to how participant problems are being solved;

--developing more specific and appropriate performance standards for each training activity; and

--revising the federally required reports to provide adequate information to evaluate training activities. (See p. 42.)

Labor agreed with the thrust of GAO's recommendations. However, it, as well as the prime sponsors who commented on this report, believes that improvements have been made in the program. (See p. 44 and app. V.)

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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act of 1973
GAO	General Accounting Office
OJT	on-the-job training
SESA	State Employment Security Agency

CHAPTER 1

INTRODUCTION

The delivery system for most of the Department of Labor's employment and training programs was changed in December 1973 by the Comprehensive Employment and Training Act of 1973 (CETA) (29 U.S.C. 801). CETA incorporates services previously provided under the Manpower Development and Training Act of 1962 (42 U.S.C. 2571), and parts of the Economic Opportunity Act of 1964 (42 U.S.C. 2701), and the Emergency Employment Act of 1971 (42 U.S.C. 4871). Employment and training programs established under other legislation, such as the employment security program (Wagner-Peyser Act (29 U.S.C. 49)) and the Work Incentive program (Social Security Act (42 U.S.C. 630)), remain in effect.

CETA, as amended, has eight titles:

--Title I authorizes grants to sponsors for comprehensive employment and training services.

--Titles II and VI authorize funds for public service employment.

--Title III, part A establishes employment and training programs for such special groups as Indians and migrants. Part B authorizes research, evaluation, and training programs; a comprehensive labor market information system; and an automated job-matching system. Part C establishes various employment, training, and demonstration programs to explore methods of dealing with the structural unemployment problems of the Nation's youth.

--Title IV maintains the federally operated Job Corps program.

--Title V establishes a National Commission for Manpower Policy.

--Title VII establishes provisions for implementing the act.

--Title VIII establishes a Young Adult Conservation Corps to provide employment and other benefits to youths in useful conservation work or other projects on Federal and non-Federal public lands and waters.

THE PURPOSE OF CETA

CETA's purpose is to establish a flexible and decentralized system of Federal, State, and local programs for job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons, and to assure that these services lead to maximum opportunities and enhanced self-sufficiency for participants.

CETA gives State and local authorities, called prime sponsors, a greater role in planning and managing employment and training programs than they previously had. Instead of operating separate programs through almost 10,000 grants and contracts with public and private organizations, Labor's Employment and Training Administration now makes grants to 445 prime sponsors--generally State and local governments--based on plans and programs the sponsors develop and Labor approves. Under CETA, prime sponsors design and execute programs. Through its 10 regional offices, Labor provides technical assistance, approves plans, and monitors prime sponsors. Labor also must ensure that employment and training services are available to target groups designated in CETA and that prime sponsors comply with its provisions.

CETA encourages prime sponsors to use services and facilities available from Federal, State, and local agencies. These include State Employment Security Agencies (SESA), State vocational education and rehabilitation agencies, skill centers, local educational agencies, postsecondary training and educational institutions, and community action agencies. Prime sponsors may also use the services and facilities of the private sector: businesses, employment agencies, educational and vocational institutions, and labor organizations.

COMPREHENSIVE EMPLOYMENT AND TRAINING SERVICES

Title I of CETA authorizes grants to prime sponsors for comprehensive employment and training services. Funds may be used for

--recruitment, orientation, counseling, testing, placement, and followup services;

--classroom instruction in occupational skills and such job-related training as basic education;

--subsidized on-the-job training (OJT) by public and private employers;

--payments to persons in training;

--supportive services such as necessary medical and child care, and bonding needed for employment; and

--funding jobs in public agencies which eventually lead to permanent positions.

Employment and training services involve bringing individuals into a CETA program, assessing their needs, and developing and implementing a plan to achieve their employment goals. The services provided include assessment, counseling, job development, and followup, which are necessary for successful training programs. Assessment determines whether and what employment and training programs can benefit a participant. It addresses such issues as motivation, personal problems and educational and language deficiencies, all of which may hinder a person's ability to successfully complete training and obtain employment. Counseling helps to solve individual problems and includes job coaching, testing, and vocational or career guidance.

After their needs, skills, and job potential have been assessed and matched with available job opportunities, participants are trained and assisted in obtaining jobs. When the person has been placed, followup services are provided to check on job success and identify problems which require further counseling or possible changes in training.

Supportive services are provided to participants to assist them in overcoming personal or environmental handicaps which inhibit employability. They include such subordinate services as health care, medical examinations, child care, and transportation.

FUNDING

To obtain funding a prime sponsor must submit an annual plan to Labor for approval. This plan must describe performance goals and assure that services will be directed to the neediest persons. The prime sponsors generally distribute funds received from Labor to local organizations for title I activities and determine the different services to be provided.

Since fiscal year 1975--the first year of title I operations--through fiscal year 1977 about $1.8 billion has been spent to train participants in classroom and OJT training programs.

Title I Actual Expenditures By Activity
Fiscal Years 1975 to 77

Program activity	Fiscal year 1975	Fiscal year 1976 (note a)	Fiscal year 1977	Total
	($000,000 omitted)			
Classroom training	$249	$578	$549	$1,376
OJT training	70	180	173	423
Public service employment	56	209	93	358
Work experience	375	773	566	1,714
Services to participants	90	161	145	396
Other activities	9	15	11	35
Total	$849	$1,916	$1,537	$4,302

a/Includes the transition quarter from July 1 to September 30, 1976.

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We evaluated two major program activities authorized under title I--classroom and OJT training--which 12 prime sponsors operated. Our review sampled participants who left these training programs during fiscal year 1976. From fiscal years 1975 through 1977, over $129 million was spent by the sponsors for classroom and OJT training programs. A detailed discussion on the scope of our review and the method used is presented in chapter 6.

CHAPTER 2

CLASSROOM TRAINING

PROGRAMS NEED SUBSTANTIAL IMPROVEMENT

Some participants in classroom training programs were successful in obtaining and retaining employment, but many were not. Of the more than 2,000 participants sampled, about 49 percent obtained jobs after completing training (many in nontraining related areas), and 32 percent were still working in those jobs 6 months later. Based on contacts made with former participants and the number who applied for unemployment insurance benefits, the employment prospects for the other 68 percent were not good. Participants' wages after training increased only slightly over pretraining wages.

Classroom training has not been more successful because

--prime sponsor assessment practices resulted in enrolling participants lacking the ability, aptitude, or interest to complete training or obtain jobs;

--counseling failed to identify and resolve participants' problems, which subsequently resulted in participants leaving training or jobs;

--some courses were in occupations for which there were poor employment prospects or provided insufficient job skills which did not improve participants' job potential; and

--job development and placement services often resulted in no job referrals, referral to jobs unrelated to training, and referral to seasonal or temporary jobs.

The cost of classroom training programs, when measured against the standard of having participants obtain employment, varies significantly. The costs varied because of differences in prime sponsors' operating expenses and placement rates.

WHAT IS CLASSROOM TRAINING AND WHAT SHOULD IT ACCOMPLISH?

The purpose of title I of CETA is to provide training activities and services needed to enable individuals to secure and retain employment at their maximum capacity. According to Labor's regulations, classroom training is any training conducted in an institutional setting designed to provide

individuals with the skills and information required to perform a specific job or group of jobs. Further, CETA requires that training activities under title I--such as classroom training--be designed for occupations in which skill shortages exist, and for which there is a reasonable expectation of employment for the individual.

CETA prime sponsors, in many cases, contracted with the same training agents used by the pre-CETA centralized system, generally, skill centers, Opportunities Industrialization Centers, and community action or antipoverty agencies which offered courses that only CETA participants attended. However, some referred CETA participants to community or junior colleges, vocational high schools, and private profitmaking schools. Under this individual referral program, CETA participants were enrolled in classes that included non-CETA participants. Also participants were paid a weekly stipend while in training.

HAS CLASSROOM TRAINING BEEN SUCCESSFUL?

Some participants in classroom training programs were successful in obtaining and retaining employment, but many were not.

Many classroom training participants were not getting jobs

None of the 12 sponsors reviewed met its goals for placing participants in jobs after training. About 49 percent of the sampled participants--both course completers and dropouts--obtained jobs (many in nontraining related areas). Job placement rates ranged from 21 percent in Las Vegas-Clark County Consortium, Nevada, to 64 percent in Boston, Massachusetts. (See app. I.) While some sponsors had placement rates significantly higher than others, all prime sponsors had some training courses with low-placement rates. Examples follow.

Stanislaus County, California

The sponsor had placed 24 percent of the sample participants in jobs. In fiscal year 1976, an individual referral skill training program had only a 4-percent placement rate, compared to the sponsor's planned placement goal of 20 percent. Prime sponsor officials were satisfied with this performance because their target population was the economically disadvantaged (1) who, they believe, in many cases were coerced into training to remain on welfare; (2) who, because

they did not do well in school, will not do well in CETA training; and (3) who are not really motivated to keep jobs. Apparently, sponsor officials did not believe that participants' employment prospects could be improved. Although CETA requires that sponsors identify individuals and positions for which there is a reasonable expectation of employment, participants were not tested to identify their aptitudes.

Marlboro, Massachusetts

The results of Marlboro's classroom training for all participants for 1975 and 1976 were reviewed. In fiscal year 1975, 18 percent of Marlboro's classroom training participants obtained jobs after training. Because Marlboro had no monitoring system at that time, its officials were unaware of this. In fiscal year 1976, the placement rate increased to 31 percent. In each year, Marlboro had planned to place 51 to 64 percent of its participants. Subgrantee officials attributed the second year's low-placement rate to improper screening and assessment, and agreed that improvements were needed. Marlboro's reporting system had not improved significantly from one year to the next and a monitoring system was not established until the end of the second year.

Oakland, California

In fiscal year 1976 the sponsor placed 62 percent of the sample participants. The placement rates for the 10 skill training courses reviewed at the East Bay Skills Center ranged from 30 to 75 percent. The Skills Center had planned 80 percent placement of all participants. However, the prime sponsor made no changes to individual courses having low-placement rates in this training agent's program because it considered the agent's overall placement performance to be reasonable. A prime sponsor official said that a classroom training agent's performance is good if the overall results are close to the prime sponsor's 80-percent placement standard.

Lowell Consortium, Massachusetts

In fiscal year 1976, the sponsor placed 56 percent of the sample participants; its goal was 85 percent. Four skill training courses offered by the Lowell training agent (welding, food service, clerical, and machine trades) had placement rates between 14 and 64 percent. Furthermore, nearly one-half of the placements were not related to the training participants received. Nontraining-related placements included such jobs as taxi driver, housekeeper, and stock clerk. However,

all four courses were continued in fiscal year 1977. A training agent official justified a welding course that had a 14-percent placement rate because the resulting wages were higher than other courses. Lowell officials said they will reevaluate these course offerings.

Some classroom training participants did not keep their jobs or obtain other jobs

Although the purpose of title I of CETA is to assist participants in securing and retaining employment, many did not keep the jobs they obtained. To determine the employment status of sample participants various means were used. These included (1) contacting initial employers who hired participants, (2) contacting participants, and (3) reviewing unemployment insurance records. About two-thirds of the sample participants who initially got jobs were still working at their first jobs 6 months after they started work, based on contacts with initial employers and participants. Six-month retention rates ranged from 26 percent (8 of 31) in Stanislaus County to 86 percent in both Chicago (43 of 50) and Minnesota balance-of-State (12 of 14).

Many participants remained unemployed after training and many applied for unemployment insurance benefits. We obtained information regarding participants who either applied for or received unemployment benefits after CETA participation at 10 of the 12 prime sponsors. A review of available unemployment insurance records for those participants who started training but were not placed in jobs for at least 6 months showed that 31 percent applied for unemployment benefits. We contacted 417 former title I participants who were not initially placed in jobs or were not working in the initial job 6 months later, and found that two-thirds were unemployed 6 months after training.

Prime sponsors did not obtain reasons for participants leaving their jobs. However, Boston, Massachusetts, and Santa Clara Valley, California, did special studies to evaluate the long-range effectiveness of their classroom training programs by determining how long participants kept their jobs, whether training skills were being used, and whether earnings increased.

About 16 percent of those in our sample who left their jobs did so to take another. The remaining 84 percent left for reasons which included the following:

--Laid-off.

--Personal reasons.

--Not suitably trained.

--Lack of motivation.

--Poor attendance.

--End of a seasonal job.

It appears that participants leaving their jobs because they were not suitably trained or because they were placed on seasonal jobs demonstrates deficiencies in training courses and job development procedures. To a lesser extent, the fact that participants leave their jobs because of personal and family problems, poor attendance, and motivation may reflect on the counseling or supportive services provided during and after CETA participation.

Some classroom training participants received minimal wage increase

Fiscal year 1976 wage information reported to Labor by the 12 sponsors reviewed showed that the average increase in participants' wages was 15 percent. All sponsors reported an increase in participants' post-CETA wages. However, at three sponsors, these wages increased by 4 percent or less over their pre-CETA wages upon entering unsubsidized employment. However, if inflation is considered, the actual wage gain is less. Although these figures are a composite of all title I activities, we believe they are somewhat representative of wages earned after classroom training participation.

Cost of classroom training varied significantly

The purpose of title I is to provide comprehensive employment services to enable individuals to secure and retain employment at their maximum capacity. Therefore, a basic factor that can be used to evaluate the success of title I training activities is the extent to which former trainees obtained and retained employment. To measure results, cost was calculated on a per placement basis.

We computed costs including facilities and instruction costs incurred by classroom training programs in placing participants in unsubsidized jobs, using prime sponsor cost and

placement records for the 12 sponsors reviewed. We allocated such indirect costs as training allowances, counseling, and assessment services based on yearly enrollment statistics, and prime sponsor administrative costs based on each activity's total of direct and allocated indirect costs. We computed cost per placement for the classroom training programs by dividing the prime sponsor's fiscal or calendar year costs for these programs by each training program's placements for that year.

Although employment is the most obvious and tangible factor, other less tangible factors--while not readily susceptible to measurement--should not be overlooked. For example, although some trainees may not have obtained employment when they left the program, they may have increased their employability. Some participants also received other benefits such as basic education, medical assistance, and financial aid. Therefore, although relating all program costs to only those participants who complete and obtain jobs is not without question, we believe it is valuable for comparing the relative effectiveness of different training activities.

We computed the average cost of training the participants who terminated during fiscal year 1976 at our selected 12 prime sponsors to be $2,100. However, when all the above-mentioned costs are related only to participants who were placed in jobs, the cost of training and placing participants varied significantly--ranging from about $2,800 at one sponsor to about $15,100 at another.

We also calculated the cost per training-related placement. Although its use has some of the same drawbacks as the cost per placement, we believe it is useful for measuring the cost effectiveness of various programs, particularly since classroom training is directed toward developing job skills that will enable participants to compete for jobs in the particular occupation involved. When all costs are assigned only to training-related placements, the cost of training a participant for a skill and placing the person in a job using that skill not only showed an increase--as would be expected--but showed substantial variations, ranging from about $3,700 at one sponsor to about $27,600 at another. (See app. II.)

Based on the sample, about three-fourths of those placed got training-related jobs and about one-half of these were still working 6 months later. As discussed in chapter 4, Labor does not have precise indicators for measuring the cost effectiveness of different training activities and does not receive this data from prime sponsors.

WHY HAS CLASSROOM TRAINING NOT BEEN MORE SUCCESSFUL?

The problems which limit classroom training's effectiveness are discussed below.

Reasons participants left training or failed to obtain employment

Although CETA's objective is to provide training and services leading to employment, participation in classroom training programs often did not lead to jobs. There are many reasons why participants did not complete training or failed to get jobs after completing training. The methods prime sponsors used for documenting why participants left training programs before completion were too general and imprecise to evaluate. Termination categories such as "administrative separation" and "refuse to continue" are not sufficiently descriptive and may disguise program weaknesses. For example, in Boston, participants were classified as "administrative separation" when they were actually terminated for excessive absenteeism.

Because prime sponsors did not summarize this information, we identified the reasons. After reviewing counseling files and talking with participants, we used judgment in classifying such ambiguous reasons as administrative separation and refusal to continue. Reasons were classified as positive or nonpositive by following sponsor records which used the same terms. Some reasons were beyond the sponsors' control, such as poor local economies, but some evidence indicated inadequate training and related supportive services. The reasons participants did not complete training or failed to get jobs after completing training are summarized on the following page.

	Number of participants		Percent
Nonpositive reasons for termination:			
Refused to continue	173		
Health	87		
Unable to find participant a job	79		
Moved from area	72		
Personal/family problems	49		
Absenteeism	42		
Administrative separation	15		
Transportation problems	14		
Lack of interest/motivation	12		
Poor performance	5		
Other	5		
Total nonpositive reasons		553	83
Positive reasons for termination:			
Entered other program	55		
Entered school	37		
Found job prior to completing training	20		
Entered military	5		
Total positive reasons		117	17
Total identifiable reasons		670	100
Unknown (note a)		381	
Total		1,051	

a/This includes former participants which the prime sponsor and the General Accounting Office were unable to locate, those classified as placements who never reported to the job, and those for which no explanation was provided.

The nonpositive reasons account for about 83 percent of the known reasons for participants leaving training or not getting jobs. We believe many nonpositive terminations could have been avoided had proper program services been provided.

Assessment procedures should identify individuals who desire and are capable of completing training

According to Labor guidelines, assessment involves determining each participant's employability, aptitudes,

abilities and interests, and developing a plan to achieve the participant's employment and related goals. Assessment may be accomplished by interviewing, testing, and counseling. While all 12 sponsors interviewed participants, only five--including the four sponsors with the highest placement rates based on the sample--tested participants to determine their aptitudes and abilities.

In Marlboro, one official said that the major reason for nonplacement was improper assessment and selection of participants for certain training courses. For example, participants were needed for training courses that were scheduled to begin in 1 week. As a result, they were hastily recruited with no assessment. Another Marlboro official stated that, generally, these participants were unsuitable for classroom training.

Santa Clara Valley classroom training agents tested applicants' mathematical and reading comprehension prior to enrollment to determine if they had the ability to complete training. Conversely, Lowell did not test applicants prior to course entry, due to potential discrimination charges if they refused a person admission to a training course based on test results. For example, Lowell enrolled participants in a machine occupations training course who lacked basic mathematical skills needed to do the job. Once participants demonstrated an inability to handle the training, they were terminated from the program.

Assessment procedures should also identify participants with physical disabilities or other impediments that hamper successful training or job placement. This was not always done. In Oakland, a participant with Hodgkin's disease was enrolled in a course from which he eventually withdrew because of the strenuous physical training requirements. Similarly, in Lowell, a participant with epilepsy was enrolled in a welding course and because of his handicap was unable to perform the required work. He subsequently withdrew from the course. Both participants should have been enrolled in less strenuous courses where they could perform the required work.

Thorough assessment procedures are necessary to identify those participants who have the desire and potential to successfully complete training and obtain training-related employment. Failure to adequately assess participants' abilities, interest, and aptitudes results in more participants failing to complete training and fewer participants obtaining training-related employment. According to two sponsor officials, there are waiting lists of applicants

who are accepted on a first-come-first-served basis, and not by qualifications. This could be a disservice to both those who were inadequately selected and those qualified participants who are turned down because the program was filled. In addition, the cost to place participants increases correspondingly.

Adequate counseling needed to improve clients' employment opportunities

Labor guidelines define counseling as assisting participants in realistically assessing their needs, abilities, and potential; providing guidance in developing vocational goals and the means to achieve them; and helping participants solve various individual problems occurring during CETA participation. Labor guidelines define supportive services as assisting individuals in overcoming personal or environmental handicaps which inhibit their employability. These services include transportation, health care, child care, legal assistance, emergency aid, and assistance in obtaining housing. Failure to provide these services may reduce participants' likelihood in completing training programs, getting jobs, and keeping them.

As indicated on page 12, many participants who failed to complete training or obtain jobs might have been helped in some way. More intensive counseling or referring the participant to other agencies for supportive services could have resolved some problems.

Prime sponsors or the State Employment Security Agency and the training agents under contract to the prime sponsor provided counseling to participants. However, counseling records were not maintained for many participants and sessions were not properly recorded. As a result, it could not be determined if counselors identified and adequately attempted to resolve the participants' problems. Examples of problems which may have been resolved by counseling and supportive services follow.

A Boston counselor's records indicated that one participant was most uncooperative, had a poor attitude, and had unacceptable attendance and tardiness patterns. However, counseling records did not indicate that any attempt was made to identify the cause of the participant's problems or solve them. The participant was subsequently terminated as an administrative separation.

A Lowell counselor's comments indicated that one participant had attendance problems due initially to sickness and then to child-care problems. However, nothing indicated that any attempt was made to resolve the participant's problems by referring the participant to a child-care facility. The participant was terminated for refusing to continue.

A Las Vegas participant was terminated because of a transportation problem, but nothing indicated that the participant was counseled, or an attempt made to resolve the transportation problem. In Stanislaus County, a participant said that he dropped out of training because he "couldn't get with it." He also said that he needed counseling, but was unaware that it was available.

Training courses with poor employment prospects were being offered

CETA requires that classroom training be designed for occupations in which skill shortages exist, and that participants not be referred to training unless the prime sponsor has determined that reasonable employment opportunities exist in the occupation for which they are being trained. However, some prime sponsors continued offering courses with unfavorable labor market demand and poor past performance.

Some sponsors were offering skill training courses in occupations which did not have either skill shortages or good job prospects. For example, Springfield's (Hampden County) labor market survey indicated little demand for participants completing electrical appliance and refrigeration repair, food service, and metal fabrication training courses. About a third of those completing these courses obtained training-related jobs. In spite of this, all three courses were continued into fiscal year 1977. Oakland's SESA labor market survey indicated a surplus of marginally qualified auto mechanics, grocery checkers, and cooks. Even with this information and placement rates of about 45 percent during fiscal year 1976, courses in these areas were continued into fiscal year 1977.

A labor market survey performed by the Boston sponsor during fiscal year 1975 indicated unfavorable job prospects for participants completing metal fabrication and electromechanical training courses. The prime sponsor disregarded the data and continued the courses into fiscal year 1976. The sample analysis of these two courses showed low-placement rates (zero and 36 percent) which substantiated the fiscal year 1975 forecasts of the labor market survey.

Some prime sponsors did not perform labor market studies to identify skill-shortage occupations. For example, the Lowell sponsor, and the Fall River, Massachusetts, and the Minnesota balance-of-State subgrantees do not have the capability or resources to identify skill-shortage occupations.

Although the Boston, Hampden County, and Chicago sponsors do labor market surveys, they primarily rely on past course performance, participants' occupational desires, and training agents' assurances that job opportunities exist. None of these are adequate for forecasting future employment opportunities. As a result, these prime sponsors continued training courses, regardless of placement results and labor market information. The fixed investment by prime sponsors in course equipment and instructors is one possible reason for their reluctance to discontinue training courses with unfavorable job prospects.

Some classroom training programs may not provide sufficient job skills

Labor's regulations require that classroom training provide participants with the necessary technical skills to perform a specific job or group of jobs. Some participants in training activities at selected sponsors did not obtain sufficient skills to obtain jobs. In the evaluation, we did not try to determine whether the participants' insufficient job skills were due to poor course structure or the inability to learn the skill.

In Las Vegas, clerical occupations require minimum typing skills of 45 to 55 words per minute. But less than a quarter of the sampled clerical participants could type at that rate after training; as a result, many could not get jobs.

The Marlboro subgrantee had similar problems with its keypunch training course in which there was only one training-related placement out of twelve sampled participants. Two of the course's best keypunchers were refused employment because they failed an employer's keypunching test given to all prospective employees.

The Lowell sponsor provided participants with skill sampling rather than skill training. In skill sampling, participants are given an introductory exposure to a skill which should qualify them for entry-level positions. In discussions with 29 employers, 20 stated that participation in Lowell's program had little or no influence in their hiring decisions. They stated that participants would have been

hired regardless of any prior training, and their participation gave them no advantage over other job applicants without this training. Skill sampling for entry-level positions requiring minimal or no training did not improve advancement opportunities for participants and may not represent the most economic use of classroom training funds.

In Boston, a training agent offered a computer programing course which resulted in no training-related placements for sample participants. Although the job developer acknowledged that the computer programing trainees could not compete in the job market due to their lack of adequate skills, the course was continued into fiscal year 1977.

Prevocational training should lead to occupational skill training

Labor's regulations permit classroom training to be used to enhance individuals' employability by upgrading basic skills through remedial education. Some prime sponsors reviewed offered prevocational training, such as English-as-a-second language. Some tried to place participants directly into employment upon completing their prevocational training, while others placed participants in occupational training courses after completing their prevocational training.

Marlboro, Massachusetts, and Lake County, Illinois, generally tried to place participants directly into jobs after prevocational training, but less than a quarter of them got jobs. In Marlboro, only 1 of 11 participants who received English-as-a-second language training obtained a job. In Lake County, from CETA's inception to the summer of 1976, there were 375 participants who took prevocational training, of whom 39 (10 percent) transferred to other employment and training programs. Of 68 prevocational participants sampled, 16 (24 percent) obtained jobs after completing their prevocational training. Furthermore, the types of jobs these participants obtained generally required little or no formal training and were low-paying, unskilled positions, such as waitresses, packers, and housekeepers.

Conversely, Boston, Lowell, and Springfield coupled prevocational training with occupational skill training, and their placement rates were significantly higher than those recorded in Marlboro and Lake County. In Boston and Lowell, participants receiving prevocational training are expected to later enroll in an occupational skill-training course. In Springfield, participants requiring prevocational training take this instruction in conjunction with a skill-training

course. For example, they may receive basic educational instruction in the morning and machine shop training in the afternoon.

Prevocational training is allowed under Labor's regulations. However, it was of questionable benefit to provide only prevocational training, as Marlboro and Lake County did, to individuals who apparently did not have a job skill. This activity did not appear to meet CETA's purpose of assuring that training and other services sponsors provided would lead to maximum employment opportunities and enhanced self-sufficiency.

Inadequate job-development/placement services prevent participants from obtaining training-related employment

Labor guidelines state that job development is an ongoing process to ensure placement in the participant's selected vocation shortly after training is completed. Job development's purpose is to get participants into productive jobs where they will become self-sustaining and will have opportunities for career advancement. Many participants, however, did not get job referrals after training; others were placed in nontraining-related positions, or in seasonal or temporary jobs.

Most prime sponsors contracted with SESA to provide job development and placement services for classroom training participants. Because training and job development are generally performed by different agencies, it is difficult to determine whether poor placement and training-related placement rates result from inadequate training or poor job development efforts. Problems could also be due to an unfavorable job market.

Springfield and Oakland training agent officials said that one cause of participants not getting jobs was SESA's inadequate job development efforts. The Springfield training agent official stated that SESA job developers lacked motivation to actively seek jobs for participants. On the other hand, both Springfield and Oakland SESA officials stated that training agents only refer participants they cannot place. Additionally, an Oakland SESA official stated that the training agent did not give them timely notice when participants would be ready for placement.

In Stanislaus County, SESA was contractually responsible for having jobs ready for participants upon completion of

training. The review showed that SESA job development efforts began only after the participant had completed training, and then only after the school and participant first exhausted their job possibilities. At that time, SESA contacted participants who had completed training to update their job applications and to provide placement services. After this initial contact, it was the participants' responsibility to go to SESA monthly to remain eligible for placement services. Little effort was made to contact or place participants. When this situation was pointed out to sponsor officials, they said they would improve their operations.

These situations demonstrate that better cooperation between training agents and SESAs in providing job development and placement services to participants is needed. Our report, "The Employment Service--Problems And Opportunities For Improvement," HRD-76-169, dated February 22, 1977, discusses the need for more effective and efficient services to job seekers.

According to Labor's regulations, classroom training should be designed to provide participants with the technical skills to perform a specific job or group of jobs. Therefore, participants should expect to obtain jobs for which they have been trained. Of 12 prime sponsors reviewed, all had participant goals but 10 had no training-related placement goals. Many participants at nearly all sponsors were placed in jobs not training-related such as

--a Boston auto-mechanics trainee hired as a hospital patient escort,

--a Springfield electrical appliance and refrigeration trainee hired as a bathtub and sink repairman,

--a Lowell welding trainee hired as a taxi driver and a machine trades trainee hired as a photocopy machine operator,

--a Chicago welding trainee hired as a porter and a television repair trainee hired as a material handler, and

--two Stanislaus County basic mechanical skills trainees hired as egg gatherers.

As Labor guidelines note, job development efforts should begin before participants complete training so they can start work immediately after completing their training.

However, many sponsors' participants did not receive referrals to job interviews before completing training. For example, in Oakland, seven of eight sample participants completing a training agent's auto mechanics or culinary arts course did not receive a job referral. The agent shared job development and placement responsibility with the State's employment security office. A training agent official said inadequate job development and placement services caused the two courses' low placement results. Training agent records indicated that there was little or no assistance for most sample participants who were not placed. An official of another Oakland training agent, who placed less than half of his participants, agreed that job placement efforts were often unsuccessful. He stated that he lacked adequate staff to provide sufficient job development and placement services.

In Santa Clara Valley, two participants were in a "hold for placement" status for over 30 days after training but they received no job referrals during that time. Sponsor's subsequent attempts to contact them were fruitless and they were terminated. A training agent's official said that its inadequate job development was a factor in low placement rates. To improve placement results, he had replaced two job developers.

In Boston, job developers for the training agent placed four keypunch trainees in seasonal positions in a department store. All were hired during the second week of November and terminated at the end of December. Shortly thereafter, a Boston agent identified 21 keypunch jobs, but did not refer any participants to those jobs. A classroom training official said no job referrals could have been made because the keypunch course was in progress. However, nobody contacted prior keypunch trainees who did not obtain jobs or those terminated from the seasonal positions mentioned above.

CHAPTER 3

NEED TO IMPROVE ON-THE-JOB TRAINING PROGRAMS TO ENHANCE JOB RETENTION

On-the-job training offers the opportunity to learn and develop job skills under a supervisor's guidance at an employer's place of business. OJT may train participants for entry level jobs or upgrade employees into occupations requiring higher skills. Training should lead to fully developing a participant's potential and economic self-sufficiency. Private employers provide training and are reimbursed (by the sponsor) for one-half of the participants' wages during training.

Some OJT participants were successful in completing training and remaining with training employers on an unsubsidized basis; many were not. About 58 percent of the 809 participants sampled obtained unsubsidized employment after the OJT period; and about 38 percent were still working for their employers 6 months after completing OJT. Many of the remaining 62 percent remained unemployed, as evidenced by (1) contacts with them and (2) those applying for unemployment benefits.

OJT has not been more successful because:

--Prime sponsor assessment practices resulted in enrolling participants lacking the ability, aptitude, or interest to complete training.

--Counseling failed to identify and resolve participants' problems, which subsequently caused participants to leave their jobs during or shortly after training.

--Job development and placement services resulted in participants being trained for jobs which had high turnover rates, were seasonal in nature, required no training, were low-paying, and resulted in lay-offs.

The cost of OJT programs, when measured against the standard of having participants complete training and remain as a regular employee, varies significantly. Although the average cost of training participants who terminated during fiscal year 1976 at the 12 selected prime sponsors was $1,700, the cost of placing an OJT participant with an employer and having that person complete training and remain as a regular employee varied substantially because of differences in

(1) length of training, (2) wage rates paid, and (3) the unsubsidized employment rate among sponsors.

WHAT IS OJT AND WHAT SHOULD IT ACCOMPLISH?

OJT is conducted in a work environment in which participants can learn an occupational skill or qualify for an occupation through demonstration and practice. The work environment is usually provided by a private, profitmaking employer. OJT may be conducted on a "hire-first, train-later" basis or with ultimate placement at a different employer. In practice, participants at the 12 sponsors reviewed were hired by the OJT employer when training started. This presumes that after completing training the participant will be retained as a regular employee, solving the problem of finding suitable employment after training.

Most prime sponsors contracted with State Employment Security Agencies to operate their OJT programs but a few contracted with private nonprofit organizations to operate the program.

These contractors visit employers to encourage their participation, negotiate OJT contracts, and help employers apply for Federal training allowances. Prime sponsors reimburse participating employers for such program costs as training and supportive services beyond those the employer normally provides. Generally, reimbursement is 50 percent of the hourly wage paid during the training period.

OJT periods ranged from 7 to 40 weeks, depending on the occupation in which the participant received training. In determining OJT periods, prime sponsors used Labor publications showing the time frame needed to acquire the skills. Some sponsors avoided low-paying positions by accepting only those jobs with a starting wage of at least $3.00 per hour.

HAS OJT BEEN SUCCESSFUL?

Many sample participants failed to complete training or obtain unsubsidized employment after training. (See app. III.) About two-thirds of those who did obtain unsubsidized jobs kept them for at least 6 months. Many, who neither completed training nor kept their jobs for 6 months, were unemployed when contacted. Generally, our contacts were 6 months after the participant left the program.

Many participants do not complete OJT and obtain unsubsidized employment

Based on the sample, most sponsors did not meet their OJT placement goals. Of the 809 participants sampled, 467 (58 percent) completed training and were retained by their employers in unsubsidized positions. Placement of sample participants in unsubsidized jobs varied from 20 percent at Marlboro to 82 percent at Las Vegas. Most prime sponsors believed their performance was satisfactory. In some cases, sponsors lowered their goals to put them more in line with their performance. Examples of prime sponsor activities follow.

Lake County, Illinois

At Lake County, 17 (47 percent) of the 36 sampled completed OJT and were retained by their employers. The sponsor believed this performance was satisfactory because the sponsor's goal measured against the OJT program was 50 percent.

Stanislaus County, California

At Stanislaus County, 73 (48 percent) of the 152 sampled completed OJT and were retained by their employers. Reacting to this performance, the prime sponsor reduced its completion goal from 80 to 70 percent.

Marlboro, Massachusetts

In fiscal year 1975, Marlboro had to cancel 14 of the 17 job slots developed because (1) those eligible applicants referred to employers were not accepted for job training and (2) employers initially interested in providing training suddenly experienced financial problems. In fiscal year 1976, Marlboro funded the same training agent and 20 percent of the sample completed training and were retained by their employers. The subgrantee's goal was 60 percent. The subgrantee evaluated the training agent based only on the agent's ability to develop and fill slots, not on the number of participants completing training and retaining jobs.

Boston, Massachusetts

In Boston, 7 (29 percent) of the 24 sampled completed OJT and were retained by their employers; the goal was 90 percent. Also, only 129 of 200 planned slots were developed during a 15-month period. The training agent attributed the low number of slots developed to a poor job market. However, neither the training agent nor the sponsor could substantiate that the poor job market affected job development efforts.

After evaluating the results of our review, Boston decided to drop the training agent and negotiate with another one in fiscal year 1978.

Some OJT participants do not keep their unsubsidized jobs or obtain other jobs

To determine the employment status of sample participants various means were used. These included (1) contacting the hiring employer, (2) contacting the participants, and (3) reviewing unemployment insurance records. Of the 809 participants sampled, 305 (38 percent) were working with their employer 6 months after placement; while 504 (62 percent) either did not complete training or were not retained by their employer for at least 6 months. According to the prime sponsors' records and our contacts with employers, 95 quit training or left their unsubsidized jobs to accept positions elsewhere. Of the 123 participants that we contacted, about two-thirds were employed, although less than half of these had jobs related to their training.

The poor employment prospects of these 504 former participants are illustrated by their reliance on unemployment insurance after leaving their jobs. A review of available unemployment insurance records for 439 of these former participants showed that about 48 percent subsequently applied for unemployment benefits.

Cost of OJT varied significantly

The cost of OJT was calculated on a per placement basis. (See discussion of classroom training costs in ch. 2.) The average cost of training a participant with an employer for OJT who terminated during fiscal year 1976 at the 12 selected prime sponsors was $1,700. However, significant variations occurred when all OJT program costs were assigned to only those who ultimately got an unsubsidized job. On this basis, the costs of OJT training and successfully placing participants in unsubsidized employment after completing OJT ranged from $1,500 in Oakland to $14,600 in Boston. (See app. IV.) During fiscal year 1976, Boston spent $483,000 for its OJT program and 33 people were placed in unsubsidized employment, while Oakland spent less money and placed eight times as many participants in unsubsidized employment. Labor did not have precise indicators for measuring cost effectiveness and the sponsors reviewed lacked such measures. Therefore, neither Labor nor sponsors were able to take or recommend action to revise or terminate the higher cost programs.

WHY HAS OJT NOT BEEN MORE SUCCESSFUL?

The problems which limit OJT's effectiveness follow.

Reasons participants left training or did not obtain a job

Of the 809 participants sampled, 342 (42 percent) quit training or did not obtain unsubsidized jobs. Many reasons for this exist, but prime sponsors generally did not tabulate them. After reviewing counseling files and talking with participants, judgment was employed to classify such ambiguous reasons as administrative separation and refusal to continue. We classified reasons as positive or nonpositive by following prime sponsor records which did the same. Some reasons for quitting training or not obtaining unsubsidized jobs are beyond the prime sponsor's control, however, other evidence indicated inadequate training and related supportive services. The reasons participants did not complete training or failed to get jobs after completing training are summarized below.

	Number of participants	Percent
Nonpositive reasons for termination:		
Personal problems	38	
Laid off	33	
Not suitably trained	28	
Absenteeism	26	
Health	21	
Poor performance	18	
Moved from area	14	
Lack of motivation	13	
Misconduct/jailed	10	
Other	14	
Total nonpositive reasons	215	76
Positive reasons for termination:		
Took another job	56	
Went to school	13	
Total positive reasons	69	24
Total identifiable reasons	284	100
Unknown (note a)	58	
Total	342	

a/This includes participants which the prime sponsor and the General Accounting Office were unable to locate, those classified as placements who never reported to the job, and those for which no explanation was provided.

The nonpositive reasons account for about 76 percent of those known for participants leaving training. We believe many nonpositive terminations could have been avoided had proper program services been provided.

Assessment procedures should identify participants who desire and are capable of completing training

Assessment involves determining each participant's employability, aptitudes, abilities, and interests and developing a plan to achieve the participant's employment and related goals. Assessment is accomplished through interviewing, testing, and counseling.

The assessment techniques varied from sponsor to sponsor. For example, some used a series of tests and work sampling exercises to measure and evaluate participants' employment potential. Others only reviewed application forms and interviewed applicants. For example, the Lowell prime sponsor and the Marlboro subgrantee had a policy of not testing applicants but requiring them to complete work sampling exercises to assure that they would be properly matched with jobs.

Results of counseling sessions not generally documented showing how participants' problems were identified and corrected

Counseling helps participants assess their needs, abilities, and potential; provides guidance in developing vocational goals and the means to achieve them; and helps solve various individual problems. Counseling should be an ongoing process throughout a participant's training.

Absenteeism and personal problems, which counseling should help resolve, were major reasons for participants not completing their OJT or leaving their jobs within 6 months. For the most part, participants' files did not identify personal problems or causes for absenteeism. For example, in Lowell, although a client was fired for poor attendance and lack of motivation, the case history had no evidence that counseling was provided. Another participant quit, citing emotional problems, yet the case history had no evidence that counseling was provided.

In Fall River, a training agent official said that counseling was not provided to all OJT participants. As a result, some participants dropped out of OJT because of problems which counseling could have addressed. In one case,

a participant quit, citing personal problems, yet the case history contained no evidence that counseling was provided. In another case where counseling was provided, problems causing the participant to terminate from the program never surfaced. For example, although the counseling file showed that the participant was working out well with the employer, the participant walked off the job 4 days later.

In Santa Clara Valley, counseling sessions were supposed to be held with participants, according to prime sponsor guidelines, but the results were not recorded in the participants' files. For example:

--A keypunch operator trainee was fired for poor attendance just prior to completing the 4-week training period. The file contained no indication of attendance problems.

--A participant quit after 6 weeks of training because the person was on drugs, but the file had no indication of a drug problem and cited "moved from area" as the reason for quitting.

--A locksmith trainee was fired after 5 weeks of training because of poor attendance, lack of motivation, personal problems, and being unable to get along with others. There was no indication of an attempt to resolve these problems by counseling.

Job development efforts must be directed toward jobs that offer advancement opportunities and adequate wages

Job development efforts should be designed to get participants into jobs in which they will become self-sustaining and will have opportunities for career advancement. However, we found instances where participants were placed on jobs which had high turnover rates, were seasonal in nature, and were low paying.

In Stanislaus County, SESA negotiated an OJT contract with a turkey processing plant to train 34 participants as material handlers or packagers and 11 completed training. During a plant visit, it was noted that training involved assembly line work which, according to a plant representative, had a high turnover rate. An SESA official agreed that the jobs were undesirable, low paying, and low skilled, and that contracts for these positions would not be written in the future.

In Lowell, some participants were being trained for seasonal employment, although the sponsor's OJT contract with the training agent prohibited this. Two OJT participants were hired as mechanic's helpers in the landscaping field. The sponsor believed these positions would be full-time and permanent jobs. However, according to the employer, these participants were only to be hired for 6 months and it was customary for employees in this field to apply for unemployment benefits during the lay-off period. The sponsor's officials were unaware of this; but they agreed to discontinue negotiating OJT contracts for seasonal work.

Low-paying OJT positions can discourage participants from completing their training and retaining their jobs. For example, in Las Vegas, 20 (36 percent) of 56 participants were still working with the OJT employer 6 months after training. Of those that quit, 15 were paid $3.00 per hour or less, and 10 were paid $2.50 per hour or less. Three were paid more than $4.00 per hour. One former participant being trained as a mechanical assembler at $2.30 per hour returned to his old job as a parking lot attendant which paid $4.00 per hour. The training agent's job developer stated that low wages give participants little incentive to stay on such jobs.

In Stanislaus County, 66 percent of the OJT participants sampled who did not complete OJT or worked less than 6 months in unsubsidized employment quit their jobs. The relatively low wages paid to participants contributed to the high number who quit. Eighty percent of those who quit were paid under $3.25 per hour.

Poor job development efforts may also contribute to laying off OJT participants. The length of time that elapsed before participants were laid off varied. In some cases, it was soon after training began. For example, in Stanislaus County, a participant for an electronics course was hired one day and laid off the next because there was no work. A brick mason participant was laid off 14 days after he was hired, due to lack of work.

CHAPTER 4

NEED FOR IMPROVED PROGRAM MANAGEMENT

Neither Labor nor prime sponsors were effectively evaluating the performance of classroom training and OJT programs. They did not have meaningful performance standards or adequate information about program results. For these reasons, Labor and prime sponsors continued to offer training programs and courses which had low completion, placement, and retention rates; were expensive; and were not cost effective. Labor does have indicators for measuring title I programs' performance collectively, but they cannot be used for individual title I activities.

Federal reports and prime sponsors' management information systems did not provide data needed to adequately manage classroom training and OJT programs.

Classroom training and OJT programs should be monitored and evaluated regularly. CETA requires prime sponsors to establish systems to measure their programs' effectiveness in providing jobs to the unemployed. Labor and prime sponsors were not adequately monitoring and evaluating classroom and OJT activities.

The State Manpower Services Councils generally did not perform independent monitoring and evaluation required by CETA, but relied on data generated by the sponsors' management systems. Although CETA requires monitoring and evaluation by the sponsors' planning councils, their efforts were limited to reviewing data generated by sponsors' management information systems and quarterly reports submitted to Labor.

PERFORMANCE STANDARDS ARE NEEDED

Labor has not established performance standards to measure individual title I program activities. Labor first published data on performance indicators in July 1976 to assist Labor regional administrators in reviewing 1977 title I grant applications. These indicators were defined further in March and July 1977 to be used for all Labor reviews and assessment processes for fiscal year 1978 programs. Labor recognized that well-defined and consistent performance indicators provide a solid foundation for assessing title I activities. These indicators analyze such factors as the percentage of participants obtaining unsubsidized employment and the cost of placing individuals in employment.

However, because Labor established the indicators to measure overall title I performance, they cannot be used to measure the performance of such individual title I activities as classroom training and OJT. The indicators are based on all activities authorized by title I including youth and adult work experience programs, public service employment, classroom training programs, and OJT programs. Placing a participant in an unsubsidized job is not a primary goal of work experience, but it is for a classroom training or an OJT program.

According to Labor's guidelines, work experience is a short-term work assignment with a public employer or nonprofit employing agency. These programs should be designed to enhance youths' future employability or to increase adults' potential in attaining a planned occupational goal. However, the work situations are temporary and are not necessarily expected to result in unsubsidized employment for participants. For this reason, classroom training and OJT activities should each have a higher job placement performance standard than work experience programs. If not, classroom training and OJT programs with low placement and completion rates may continue to be offered because standards against which they were measured are inappropriate.

Lacking specific standards, prime sponsors and their delivery agents used a wide range of local goals to assess classroom training and OJT programs. The placement and completion goals represent the percentage of participants expected to (1) complete classroom training and be placed in employment or (2) complete OJT training and continue employment in unsubsidized positions with their training employers. The following table shows the range of the placement and completion goals used during fiscal year 1976.

Prime sponsor	Classroom training placement goals	OJT completion goals (note a)
	(percent)	
Boston, Mass.	65	90
Chicago, Ill.	-	-
Hampden County, Mass.	64	55
Lake County, Ill.	35	50
Las Vegas-Clark Cty., Nev.	49	49
Lowell, Mass.	85	80
Madison-Dane County, Wis.	b/50-77	b/80-85
Massachusetts balance-of-State		
Fall River	77	65
Marlboro	b/51-64	60
Minnesota balance-of-State	60	60
Oakland, Calif.	80	80
Santa Clara Valley, Calif.	64	80
Stanislaus County, Calif.	b/20-64	80

a/OJT programs generally operated on a "hire-first, train-later" basis so that when participants completed their training period they continued as unsubsidized employees with the training employers.

b/Represents the range of goals used by several classroom and OJT training agents under contract to the prime sponsor.

With the exception of Chicago, which did not have either formal or informal goals for its classroom and OJT programs, the range of classroom training goals varied from 20 percent in Stanislaus to 85 percent in Lowell. OJT goals varied from 49 percent in Las Vegas to 90 percent in Boston. Although standards may vary somewhat due to geographic or population factors, we do not believe the wide variations shown above were justified. Prime sponsors said that they established these goals based on those that were used by training agents in pre-CETA categorical programs. However, little evidence demonstrated that these goals were established and evaluated in light of such factors as program performance, economic conditions, and target population served.

Goals should also apply to individual training courses. A training agent's overall classroom training performance may match or exceed the goals, but some courses' poor performance may be hidden when combined with more successful ones.

In establishing overall title I performance indicators, Labor did not distinguish between jobs that related to skill training and those that did not. Also, indicators do not differentiate between temporary and permanent jobs. We believe that distinctions should be made for such differences.

IMPROVEMENTS NEEDED IN LABOR AND PRIME SPONSOR MANAGEMENT INFORMATION SYSTEMS

Reports now required by Labor and prime sponsor management information systems do not adequately measure the training programs' performance. These quarterly reports, required from prime sponsors to assess title I program performance, are not useful because all activities' results are combined, making it impossible to evaluate the individual activities. Some prime sponsor management information systems were not providing data by program activity on the number of training-related job placements, length of job retention, costs of placing participants, and reasons why participants did not get or keep jobs after training.

Federal reporting requirements not useful tools for evaluating prime sponsor activities

Labor regulations require that sponsors report quarterly on title I activities. These reports need to be changed because data on overall program performance is not an effective reporting format for evaluating the success of individual title I activities. Performance reports and annual plans combine participant job placement data for all program activities. For example, prime sponsors may offer participants classroom training, OJT, work experience, and public service employment. Each program's effectiveness cannot be evaluated because the sponsor's report does not show, by activity, the number of participants obtaining jobs, the number of training-related jobs from classroom training activity, costs per placement, or retention data. Therefore, Labor cannot determine how successful an individual sponsor's classroom training and OJT programs are in placing participants in unsubsidized jobs. Nevertheless, the sponsor's report is the basic document used by Labor to review a sponsor's performance.

Management information systems generally do not provide program managers with needed data

CETA requires that Labor shall not provide financial assistance for any program unless the program has adequate internal administrative and evaluation procedures to promote effective use of funds.

However, even though CETA has been in existence for over 3 years, none of the prime sponsors reviewed had an adequate management information system. Prime sponsors did not know how successful training courses were in placing participants in training-related jobs, how expensive they were, and how long participants retained their jobs, or whether the reasons participants could not get or keep jobs were reasonable.

During our review of the 12 prime sponsors' management information systems, we found that:

--All summarized placement data, but 3 did not collect placements by program.

--Two identified and summarized whether placements were training related.

--Five recorded and summarized participants' success in keeping jobs.

--Three computed cost per placement data.

--Three summarized reasons participants did not get jobs.

--None obtained and summarized reasons participants did not keep jobs.

The following table summarizes data provided by the sponsors' management information systems.

Summary of Data Provided by Prime Sponsor Management Information System

Prime sponsor	Placements	Training-related placements	Job retention	Cost per placement	Reason for non-placement	Reasons for not keeping job
Boston, Mass.	X	-	(a)	-	-	(a)
Hampden County, Mass.	X	-	-	-	-	-
Lowell, Mass.	X	X	X	-	X	-
Balance-of-State Massachusetts	b/X	-	b/X	b/X	-	-
Oakland, Calif.	X	-	X	-	-	-
Santa Clara Valley, Calif.	X	X	X	X	-	-
Las Vegas-Clark County, Nev.	b/X	-	(c)	-	X	-
Stanislaus County, Calif.	X	-	-	-	a/X	-
Madison-Dane County, Wis.	X	-	-	-	-	-
Lake County, Ill.	X	-	-	-	-	-
Chicago, Ill.	X	-	-	-	-	-
Balance-of-State Minnesota	b/ X	-	b/X	b/X	-	-
Total	12	2	5	3	3	0

a/The sponsor did perform a followup study on a sample basis in which the success of participants retaining jobs and the reasons for those not working were shown.

b/Not detailed by program activity.

c/Although the system did not include followup, the prime sponsor contracted for a 1-year followup study.

Each prime sponsor can establish its own system based on its needs, but Labor published guidelines in April 1974 to assist sponsors in designing adequate systems. The guidelines recognize that certain data is needed for prime sponsors to assess the effectiveness of their title I programs. Accordingly, Labor suggests that management information systems should include data on placements, training-related placements, job retention, cost per placement, and reasons for participants not being placed. Even with these guidelines, sponsors had not developed timely and useful systems. Labor needs to play a more active role in working with prime sponsors in establishing useful management information systems.

Varying placement, completion, and retention rates, and varied program placement costs (see chs. 2 and 3) show that sponsors need this information. For example, failing to determine placement costs prevents prime sponsors from knowing the cost effectiveness of different training programs. In fiscal year 1976, including the transitional quarter, prime sponsors spent $578 million on classroom training and $180 million on OJT. Reviewing the 12 sponsors showed that the average cost per unsubsidized placement for classroom training was more than double the average cost of OJT. Because the prime sponsors' management information system does not segregate data by program activity, officials of the sponsors could not distinguish performance between their OJT and classroom training programs.

While prime sponsors should not reduce or eliminate classroom training based on the review, they should consider such factors as cost per placement and job retention in evaluating program performance. Because many prime sponsors do not have this data, they cannot properly evaluate their programs. In addition, the lack of cost standards by program activity makes program changes more difficult to develop and justify because there is little with which they can compare their program performance.

Management information systems based on inadequate data

Labor requires sponsors to report as placements only those who obtain employment not subsidized by CETA. However, instances of inaccurate and unverified data were reported to Labor on the quarterly reports and also in prime sponsor management information systems. At two sponsors, records were missing or incomplete. As a result, Labor and prime sponsors were getting misleading impressions on the placement successes of training programs and courses.

For example, Las Vegas reported as placements 13 classroom training participants who had obtained CETA public service employment jobs. This increased the number of placements for the year by 19 percent. But, prime sponsors are not allowed to record as placements those who have been referred to such other program activities as public service employment.

Lowell enrollees who participated in both classroom training and OJT before being placed were picked up as placements by both agents in their reports to the prime sponsor. The prime sponsor, in preparing its quarterly report, did not net out the duplicate job placements. After this was brought to their attention, prime sponsor officials established procedures to prevent future double counting.

At Lake County and Chicago, missing or incomplete records prevented determining the employment status for about one quarter of the participants sampled. Chicago classified some individuals as classroom training participants although they were never enrolled in training.

NEED TO IMPROVE LABOR AND PRIME SPONSOR MONITORING AND EVALUATION

CETA requires sponsors to assure that services provided will be administered by or under their supervision. Further, CETA requires a strong and active Federal role in the program, including reviewing a sponsor's plan and assessing plan implementation to make certain a program complies with the act and Labor's regulations.

Labor and prime sponsors did not adequately monitor and evaluate classroom training and OJT programs. As a result, they were generally unaware of the programs' cost and varying placement and completion rates. Although prime sponsors are required to establish adequate program management and assessment systems which Labor reviews and approves, this was not done. Both Labor and prime sponsors were limited by inadequate performance standards and management information systems. Although State Manpower Services Councils and prime sponsors' Planning Councils are required to monitor and evaluate title I programs, their efforts were limited. They relied on data generated by inadequate management information systems and generally did not question classroom training and OJT programs' effectiveness.

Need to improve Federal monitoring and evaluation

Labor's field representatives were generally unaware of the situations the review identified because they did not adequately evaluate classroom training and OJT programs. Labor's representatives made desk reviews of the quarterly Federal reports' data, and made annual assessments that lacked the detail needed to identify ineffective training.

The Labor representatives assigned to each prime sponsor are the focal point through which the prime sponsors' effectiveness is evaluated. Their monitoring activities consist of (1) routine contacts with prime sponsor officials either by telephone or occasional site visits, (2) desk reviews and evaluations of Federal reports, (3) an annual assessment of prime sponsor performance, and (4) reviews to determine whether sponsors are complying with CETA's requirements. It appears that the Labor representatives' desk reviews and annual assessments lack the necessary detail to identify specific operational problems.

For example, Labor's Stanislaus County representative commented in the annual assessment that staffing levels and emphasis on monitoring were adequate and that all subgrantees had been audited. However, Stanislaus County was not able to perform any monitoring activities and relied on training agents to monitor their own operations.

Labor's Chicago representative commented in the annual assessment that the prime sponsor's management information system was adequate to prepare reports which, as discussed earlier, were not useful evaluative tools. The Labor representative did not evaluate the system's ability to provide more substantive data other than to say that a recently automated system should enhance the ability and effectiveness of the prime sponsor's program planning. We found Chicago's management information system lacked adequate information necessary for decisionmaking.

For example, the fact that the system did not contain training-related placement data, job retention periods, cost per placement, and reasons for participants not getting and keeping jobs was not discussed by the Federal representative. Additionally, Labor's annual assessment of Chicago computed the cost of placing a title I (all activities combined) participant at over $16,000 for fiscal year 1976. Although Labor considered the cost per placement computation important in measuring program performance, Labor did not question the cost.

Labor representatives said that they do not have the time to perform indepth evaluations of program performance and, accordingly, must rely on prime sponsors to identify specific problems. However, as discussed below, prime sponsors' monitoring systems are generally inadequate and frequently fail to identify causes of poor program performance.

Labor's headquarters is performing a national study designed to give an overall view of CETA's impact on participants. It is not meant, however, to aid Labor's representatives in identifying and resolving problems in the individual sponsors' programs.

This survey, "Continuous Longitudinal Manpower Survey," has the principal purpose of providing measures of the CETA program's impact on participants, particularly their earnings. Differences in earnings between preprogram and postprogram periods are being measured for CETA participants and compared with similar changes in earnings for a comparable group of nonparticipants. The survey will also provide participant characteristic data not available from the national sponsor reporting system. Results are being obtained from sampling participant performance at 147 sponsors.

Prime sponsor monitoring and evaluation are inadequate

CETA requires sponsors to establish internal program management procedures for monitoring day-to-day operations; periodically reviewing program performance in relation to program goals; and measuring the effectiveness of program results in terms of participants, program activities, and the community. Some prime sponsors were unaware of the low placement and completion rates discussed in chapters 2 and 3. For example, one sponsor did not have monitoring and evaluation capability, and others were reluctant to enforce performance goals and use labor market data which forecasted surplus or low-demand occupations. Training courses which had low-placement results often continued to be offered.

Prime sponsor monitoring generally consisted of onsite visits to training agents, desk reviews of management data, and periodic internal evaluations of program performance. All sponsors had monitoring staffs, except Stanislaus County which relied on training agents to monitor their own operations. A Madison-Dane official said that its one monitor was not able to make all the planned quarterly field visits, and only recently added an additional monitor for this purpose.

Some prime sponsors disregarded labor market survey projections. Boston, Springfield, and Oakland's labor market surveys all identified courses with unfavorable labor market demand. Although these courses experienced low placement rates, prime sponsors continued the courses into the following fiscal year (see p. 15 for details). Conversely, Santa Clara Valley performed an indepth analysis of individual training courses' effectiveness and had taken steps to improve the courses based on their analysis.

In Marlboro's classroom training program, 11 (10 percent) of 105 participants in fiscal year 1975 and 23 (20 percent) of 113 participants in fiscal year 1976 obtained training related employment. Marlboro's CETA director said that he was totally unaware of these placement results, indicating a basic weakness in Marlboro's monitoring efforts.

State Manpower Services Council and prime sponsor Planning Council monitoring and evaluation efforts limited

In addition to Labor and prime sponsor monitoring and evaluation, CETA requires each State to establish a Manpower Services Council and requires the councils to monitor the operation of programs conducted by prime sponsors. CETA requires each prime sponsor to establish a Planning Council to monitor all manpower programs funded under title I.

State Manpower Services Councils were not devoting adequate time to evaluating program effectiveness because review and approval of prime sponsors' plans had a higher priority. Generally, they did not perform independent monitoring and evaluation analyses, but relied on data generated by prime sponsors' management information systems and quarterly reports submitted to Labor. As a result, the Councils' monitoring and evaluation efforts were not substantive.

State Manpower Services Councils' monitoring of prime sponsor operations in California and Massachusetts has been a low priority. Their primary efforts are related to (1) reviews of prime sponsor plans, with particular attention to population groups to be served, and (2) administering experimental projects and grants to provide vocational education services.

Generally, the involvement of the prime sponsor's Planning Council in monitoring and evaluation was likewise limited. Rather than independently monitoring and evaluating

prime sponsors, the councils relied on data generated by the prime sponsor management information systems and also the quarterly reports submitted to Labor. As previously discussed, the format of this data generated on program performance does not allow effective evaluations of program results.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Title I's purpose is to provide comprehensive manpower services needed to enable individuals to secure and retain employment at their maximum capacity. Therefore, a basic factor for evaluating the success of title I training activities is the extent to which former trainees obtained and retained employment.

Based on the sample, many classroom training and OJT participants get and keep unsubsidized jobs, but most do not. Although some trainees may not have obtained employment when they left training, they may have increased their employability. However, based on the sample, many of those that did not get jobs or left them within 6 months were still unemployed when contacted. Often, they were on the unemployment insurance rolls. The cost of placing participants in unsubsidized jobs varied significantly among the sponsors reviewed.

The success of training programs is affected by such factors as the motivation and capabilities of individuals served by the sponsor and the economic conditions in the sponsor's area. However, we believe the primary reasons for the wide variations in sponsors' performance were inadequacies in the training programs and related services that sponsors offered.

CETA employment and training services such as assessment, counseling, and job development are supposed to enhance participants' prospects for completing training and for obtaining jobs. The services that sponsors gave were not always effective. In some cases, services were not provided. Assessment practices often did not accurately determine the participant's employability, aptitude, and interests. Counseling sessions did not appear to assist and guide participants in resolving various personal problems. Job development and placement activities often did not identify job opportunities which would enable participants to become self-supporting and take advantage of training skills. Some training was conducted in occupations for which employment prospects were poor. Other training did not provide participants with sufficient skills to get training-related jobs.

To identify and help resolve these problems, prime sponsors need accurate and precise information on their training programs' effectiveness. Management information systems, a key tool for obtaining first-hand knowledge of training program effectiveness, generally did not show how successful training programs were in getting participants jobs for which they were trained, how successful participants were in retaining those jobs, or how much the program cost. In addition, management information systems did not provide prime sponsors with the data needed to identify counseling, assessment and job development problems. At two sponsors the [illegible]s were either missing or incomplete. Because of the [illegible] of their management information systems, prime [illegible]ors' monitoring and evaluation efforts were inadequate.

Under CETA's decentralized approach to deal with employment and training problems, Labor's role includes monitoring prime sponsors' activities. To evaluate performance, standards are necessary and must be tailored for each activity authorized under title I. Labor has been slow in developing these standards. To date, very broad indicators (not standards) have been established which only measure overall title I performance. Applying them to such individual program activities, as classroom training and OJT, is not appropriate as these activities have as a primary goal the placement of participants in unsubsidized employment; whereas, work experience (another major activity under title I) does not have as its primary goal the unsubsidized placement of individuals.

Instead of standards, prime sponsors are using a wide range of goals to measure their training programs' success. At nearly all sponsors reviewed, these goals were not being met. As a result, a wide range of performance for training programs exists. Until Labor sets performance standards and assists prime sponsors in establishing adequate management information systems, it will not be able to adequately monitor program performance.

RECOMMENDATIONS

We recommend that the Secretary of Labor take a stronger and more active federal oversight role to insure that prime sponsors:

--Offer training courses justified by labor market surveys.

--Reexamine classroom training courses to assure that the skill levels taught match the requirements of job openings.

--Design prevocational training programs leading to vocational skill training.

--Identify more accurately participants' employment needs and capabilities.

--Document counseling sessions more precisely, with particular attention to how participant problems are being resolved.

--Restructure job development services so that the job search begins well before participants complete training. Job interviews should be arranged before or concurrently with the completion of training.

--Design management information systems to include (1) the success of participants in obtaining and retaining training-related employment for each training course; (2) accurate reasons for participants not completing training, not obtaining training-related employment, or not retaining jobs; and (3) costs of placing participants from each activity.

--Expand monitoring and evaluation to include more indepth analysis of training program effectiveness, with emphasis on reasonableness of training-related placement and retention rates and costs.

--Continue to fund only classrooom and OJT programs of demonstrated effectiveness.

We recommend that the Secretary of Labor also:

--Develop more specific and appropriate performance standards for each training activity by (1) differentiating between jobs related to skill training and those that are not, and between jobs that are temporary and those that are permanent; and (2) requiring prime sponsors to apply these standards to the training activity and, also, to individual training courses.

--Assure that prime sponsors (1) have management information systems which provide the data discussed above, and (2) make adequate evaluations of program activities.

--Revise the quarterly Federal reports to provide adequate information to evaluate the training activities operated under title I.

LABOR AND SPONSOR COMMENTS AND OUR EVALUATION

Labor, in a March 27, 1978, letter (see app. V) generally agreed with our recommendations to improve CETA's employment and training programs. But Labor's response to some of our recommendations did not state what action would be taken with any specificity. Labor agreed to explore further or review many of the issues involved. Recognizing that there are many difficult issues involved in managing training programs, we believe that the time has come for definitive actions to be taken.

Labor noted, however, that some of the problems cited in this report may have been due to the fact that our sample period covered activities of prime sponsors in the first or early in the second year of managing their new responsibilities under CETA. Labor believes that most sponsors have performed more knowledgeably since then. The five prime sponsors who provided formal comments on this report also said that improvements have been made in their programs since our fieldwork.

We recognize that the sponsors have gone through a learning process in managing CETA programs and have undoubtedly learned from experience. But our recommendations are aimed at improving the management system for training programs. Until these basic concepts are incorporated, no one can be sure that large amounts of Federal dollars for these programs are being spent effectively.

Labor also said that the problems cited in the report varied widely among sponsors and that there is no common pattern of consistent managerial shortcomings which can readily be focused on. Further, each sponsor, in effect, is in a different stage of developing managerial capability, with its own strengths and weaknesses, so that a high degree of individualized actions are needed for general improvement.

In our view, Labor's comments are only partially correct. It is true that prime sponsors are developing managerial capabilities at different rates. But the common pattern involved in dealing with managerial shortcomings is the need for a stronger and more active Federal oversight of the programs. Our recommendations are directed to this need. This clearly does not mean federalization of the programs, as noted by Labor, especially in light of the still evolving and unsettled nature of Federal versus local government roles in managing CETA programs. But, we believe that a need exists for the Department of Labor to adequately assist prime sponsors in decreasing the learning curve since the Department has many years of experience in managing training programs.

Labor also pointed out that one difficulty in establishing performance standards is the gauging of whether the training programs result in appreciable improvements for participants over their preprogram experience. For example, Labor said that a placement or job retention rate of 50 percent may be quite good for hard-to-place participants and quite bad for those with prior stable work histories.

We agree. Our recommendations dealing with the need to establish more specific performance standards for title I activities list some of the basic ingredients which we believe are necessary for managers to effectively gauge the performance of training programs. While there are many variables in evaluating training programs, the primary consideration is whether or not those trained actually obtained and retained jobs. Establishing specific standards on how many should get and retain jobs, we believe, is a necessary first step in evaluating training programs. Measuring accomplishment against standards would serve as a "flag" for program managers to further examine and assess which individual training activities should be expanded, remain unchanged, changed, or dropped. With the amount of money being spent on training activities, these activities should not continue to operate, year after year, without specific performance standards.

CHAPTER 6

SCOPE OF REVIEW

We examined the effectiveness of classroom training and OJT programs--in terms of participants being placed, having retained their unsubsidized jobs, and the related costs--authorized under title I of the Comprehensive Employment and Training Act. Our review focused on: (1) the program's impact on the participants and (2) effectiveness of Labor and prime sponsor monitoring and program evaluation. These activities accounted for 42 percent of title I expenditures for fiscal years 1975-77.

We reviewed (1) CETA and its legislative history; (2) Labor regulations, policies, and operating procedures; and (3) records and documents, including placement records, reports, and participants' files maintained by Labor and sponsors.

This review was performed primarily at Labor's regional offices in Boston, Chicago, and San Francisco; and 12 CETA sponsors in six States. The sponsors reviewed included locations on the east coast, in the Midwest, and on the west coast and included such different types of sponsors as States, consortia, and local governments. The list of locations follows.

State	Prime sponsor	Location
California	Stanislaus County	Modesto
	Santa Clara Valley	San Jose
	Oakland	Oakland
Illinois	Lake County	Waukegan
	Chicago	Chicago
Massachusetts	Balance-of-State	Marlboro, Fall River (note a)
	Boston	Boston
	Lowell Consortium	Lowell
	Hampden County Consortium	Springfield
Minnesota	Balance-of-State	Crookston, Thief River Falls
		Willmar, Marshall, Worthington, Fairmont, Owatonna (note b)
Nevada	Las Vegas-Clark County Consortium	Las Vegas
Wisconsin	Madison-Dane County Consortium	Madison

a/Reviewed 2 of 18 balance-of-State subgrantees.

b/Reviewed 7 of 14 Comprehensive Employment and Training Center and subcenter locations.

We selected two samples: (1) 2,043 participants (including 768 participants in the study noted below) who terminated prime sponsors' classroom training programs; and (2) 809 participants who terminated OJT programs to determine their success in obtaining and retaining unsubsidized employment. Terminating participants included those who (1) obtained jobs after training, (2) completed training but did not get jobs, and (3) did not complete training for various reasons.

The sample's base period was October 1 to December 31, 1975. 1/ We selected this period so that we would be able to determine the job status of participants 6 months after they terminated. We expanded the time frame and sample size in those situations where there were insufficient numbers of participants to evaluate. One prime sponsor completed a survey of 768 participants that terminated from classroom training programs between July 1, 1974, and July 31, 1975, and addressed the same issues. Selectively, we verified the sponsor's data and used its results.

We reviewed the participant files to examine the quality of employment and training services received and whether they obtained jobs. We contacted the employers of those who were placed to confirm when they were hired, when they left their jobs if they were not working, and whether the jobs they obtained related to the skills acquired during training. We contacted participants who dropped out of training and those who left their jobs within 6 months to determine their current employment status. We reviewed SESA records to determine if participants applied for unemployment insurance benefits after training.

1/One sponsor, in commenting on this report, said that a sample of persons terminated during this quarter would not yield a representative sample because the group of persons terminating in the last quarter of the calendar year is heavily weighed with program dropouts. Consequently, we compared national data on the percentage of those persons leaving training with unsubsidized jobs (calculated using the total number of participants leaving the program during the quarter as a base) during the sample quarter with other quarters during fiscal years 1975-77. We found that our sample quarter is representative.

In addition to reviewing sample participants' records, we evaluated Labor and prime sponsor monitoring and evaluation efforts, and the usefulness of the data presented in prime sponsor management information systems. We also discussed program operations with Labor, prime sponsor, and training agent officials. We contacted representatives of and reviewed the records of prime sponsor Manpower Planning Councils and State Manpower Services Councils.

Classroom Training Sample Placement and 6-month Retention Results

Prime sponsor	Sample size	Obtained unsubsidized job		Training-related job		Retained job 6 months		Retained training-related job 6 months	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
Boston, Mass.	256	164	64	124	48	94	37	73	29
Chicago, Ill.	155	50	32	38	25	43	28	32	21
Hampden County Consortium, Mass.	89	51	57	42	47	33	37	27	30
Lake County, Ill.	88	20	23	0	0	7	8	0	0
Las Vegas-Clark County Consortium, Nev.	100	21	21	11	11	10	10	6	6
Lowell Consortium, Mass.	59	33	56	18	31	12	20	7	12
Madison-Dane County Consortium, Wis.	51	13	26	10	20	11	22	9	18
Massachusetts Balance-of-State:									
Fall River	41	19	46	19	46	13	32	13	32
Marlboro	113	35	31	23	20	11	10	7	6
Minnesota Balance-of-State (note a)	44	14	32	9	20	12	27	7	16
Oakland, Calif.	151	93	62	68	45	54	36	41	27
Santa Clara Valley, Calif. (note b)	768	448	58	362	47	337	44	197	26
Stanislaus County, Calif.	128	31	24	16	12	8	6	5	4
Total	2,043	992		740		645		424	
Average			49		36		32		21

a/Results based on review of 7 of 14 State Comprehensive Employment and Training Center and Sub-center locations.

b/Results based on special followup study performed by sponsor. Retention based on a 10-month period. (See p. 8.)

APPENDIX I

CLASSROOM TRAINING COSTS

TO OBTAIN UNSUBSIDIZED EMPLOYMENT

Prime sponsor	Cost per placement (note a)	Cost adjusted for training-related placement (note a)
Boston, Mass.	$ 4,790	$ 6,303
Chicago, Ill.	15,124	19,900
Hampden County Consortium, Mass.	9,197	11,216
Lake County, Ill.	6,700	(b)
Las Vegas-Clark County Consortium, Nev.	14,335	27,567
Lowell Consortium, Mass.	6,604	12,007
Madison-Dane County Consortium, Wis.	2,817	3,658
Massachusetts Balance-of-State:		
Fall River	4,222	4,222
Marlboro	5,925	8,977
Minnesota Balance-of-State	7,126	11,134
Oakland, Calif.	4,462	6,112
Santa Clara Valley, Calif.	4,435	5,475
Stanislaus County, Calif.	6,135	11,798
Average	$ 7,618	$10,157

a/See chapter 2 for discussion of cost computation.

b/Lake County primarily operated a prevocational training program. There were not sufficient training-related placements from its classroom training program to compute costs.

ON-THE-JOB TRAINING SAMPLE PLACEMENT

AND 6-MONTH RETENTION RESULTS

Prime sponsor	Sample size	Obtained unsubsidized employment		Retained job 6 months	
		Number	Percent	Number	Percent
Boston, Mass.	24	7	29	5	21
Chicago, Ill.	197	112	57	92	47
Hampden County Consortium, Mass.	23	14	61	6	26
Lake County, Ill.	36	17	47	11	31
Las Vegas-Clark County Consortium, Nev.	56	46	82	20	36
Lowell Consortium, Mass.	65	34	52	29	45
Madison-Dane County Consortium, Wis.	22	14	64	7	32
Massachusetts Balance-of-State:					
Fall River	22	8	36	2	9
Marlboro	15	3	20	2	13
Minnesota Balance-of-State (note a)	71	48	68	40	56
Oakland, Calif.	80	56	70	35	44
Santa Clara Valley, Calif.	46	35	76	13	28
Stanislaus County, Calif.	152	73	48	43	28
Total	809	467	58	305	38

a/Results based on review of 7 of 14 State Comprehensive Employment and Training Center and Subcenter locations.

ON-THE-JOB TRAINING COSTS TO OBTAIN UNSUBSIDIZED EMPLOYMENT

Prime sponsor	Cost per unsubsidized placement (note a)
Boston, Mass.	$14,644
Chicago, Ill.	10,570
Hampden County Consortium, Mass.	3,697
Lake County, Ill.	3,722
Las Vegas-Clark County Consortium, Nev.	2,959
Lowell Consortium, Mass.	3,059
Madison-Dane County Consortium, Wis.	2,438
Massachusetts Balance-of-State	
Fall River	2,889
Marlboro	2,990
Minnesota Balance-of-State	2,115
Oakland, Calif.	1,546
Santa Clara Valley, Calif.	3,789
Stanislaus County, Calif.	1,661
Average	$ 3,522

a/See chapter 2 for discussion of cost computation.

U.S. DEPARTMENT OF LABOR
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON

MARCH 27, 1978

Mr. Gregory Ahart
Director, Human Resources Division
U. S. General Accounting Office
200 Constitution Avenue, N. W.
Washington, D. C. 20210

Dear Mr. Ahart:

In accordance with your request of February 23, 1978, to Secretary Marshall, we are submitting comments on the General Accounting Office's (GAO) draft report.

[See GAO Note.]

We consider the report to be well done. It appears well-balanced and sensitive to many of the complexities of training program management. There are three elements of perspective we feel are not given explicit recognition by the report. These elements do not alter the general merit of your recommendations, but do help explain some of the administrative shortcomings cited. They are:

1. The survey examined training conducted in 1975 and trainees terminated in October - December 1975. CETA sponsors were in their first or early in the second year of managing their new responsibilities. Most have performed more knowledgeably since then, we believe.

2. The problems cited varied widely by sponsor. There is not a common pattern of several consistent managerial shortcomings which can readily be focused on. Each sponsor in effect is in a different stage of development of managerial capability, with its own strengths and weaknesses, so that a high degree of individualized actions are needed for general improvement.

3. The survey of trainees provides no sense of their prior labor market difficulties, so it is difficult, as GAO acknowledges, to gauge the extent to which their post-program experience represents an appreciable improvement. A placement or job retention rate of 50 percent may be

quite good for hard-to-place participants and quite bad for those with prior stable work histories. The dilemma for any effort to set performance standards based on rates of placement is that better rates are achieved for easier-to-place trainees, many of whom may do well without the program, while low rates may be common for the hard-to-employ yet represent a significant otherwise unattainable improvement for many of them.

The draft report included the following recommendations:

We recommend that the Secretary of Labor take a stronger and more active Federal oversight role to insure that prime sponsors:

-- offer training courses that are justified by labor market surveys;

RESPONSE. We concur with the recommendation and we are exploring methods for assisting prime sponsors to develop more adequate labor market information. It must be understood that adequate labor market information is difficult to obtain. We do not anticipate that this problem can be resolved immediately.

-- reexamine classroom training courses to assure that the skill levels taught match the requirements of the job openings.

RESPONSE. We concur with this recommendation. We are now in the process of reviewing existing monitoring systems, including prime sponsor monitoring systems. We intend to require that major operational areas are reviewed on a regular basis to assure that CETA programs are meeting the requirements of the legislation. This is clearly an area that needs to be reviewed on a periodic basis. We are also looking into developing performance standards for reviewing the quality of training courses.

-- design pre-vocational training programs that lead to vocational skill training.

RESPONSE. We concur that prime sponsors should make every effort to achieve this goal, where appropriate, and we will ensure that prime sponsors are aware of the need to develop their programs in such a way that the goal can be achieved.

-- identify more accurately participants' employment needs and capabilities.

RESPONSE. We concur with this recommendation. As with the development of labor market information, this is an area in which the Department has consistently attempted to assure acceptable performance. At the present time, the Department has a research contract which we hope will provide recommendations or methods that CETA prime sponsors can utilize to more effectively evaluate participants' needs, current skills and aspirations. The new CETA legislation contains language that will require a closer linkage between prime sponsors and the employment service (ES) in this area.

-- Document counseling sessions more precisely with particular attention to how participant problems are being resolved.

RESPONSE. We will review this issue to determine the extent of any problems and to develop, as necessary, any appropriate policies.

-- restructure job development services so that the job search begins well before participants complete training; job interviews should be arranged before or concurrently with the completion of training.

RESPONSE. We can concur with the reasoning behind this recommendation. We will review this area with a view to assisting prime sponsors to develop more appropriate job search procedures. The new legislation is also proposing new requirements in this area.

-- design management information systems to include (1) the success of participants in obtaining and retaining training related employment for each training course; (2) accurate reasons for participants not completing training, not obtaining training related employment or not retaining jobs; and, (3) costs of placing participants from each activity.

RESPONSE. We concur with the basic purpose of this recommendation. Over the past year it has become apparent that Congress and other parties are interested in more detailed information than is currently obtained through the existing reporting systems. Therefore, we are now in the process of reviewing the new information needs as well as a way to change the existing system so that these new informational needs can be collected effectively and efficiently. We also intend to take into consideration needs generated as a result of the new CETA legislation.

-- expand monitoring and instruction to include more in-depth analysis of training program effectiveness with emphasis on reasonableness of training related placement and retention rates and costs.

RESPONSE. We concur with this recommendation. We are in the process of reviewing our current monitoring and evaluation systems. New demands on and views of the CETA concept have created a need for more in-depth reviews of major parts of the system. We are in the process of developing methods to satisfy these new needs.

-- continue to fund only classroom and on-the-job training programs of demonstrated effectiveness.

RESPONSE. We concur with this recommendation.

-- develop more specific and appropriate performance standards for each training activity differentiation between jobs related to skill training and those that are not between jobs that are temporary and those that are permanent; and require prime sponsors to apply them not only to the training activity but also to individual training courses.

RESPONSE. We concur with the need for better and more appropriate performance standards. The development of realistic performance standards has been an area of great concern to the Department since the implementation of CETA. We are and will continue to review our systems for adequately measuring prime sponsor performance with a view to developing procedures which will enable us to fairly and accurately determine the effectiveness of each prime sponsor. The areas recommended above are areas that are and will continue to be included as key areas of performance that need to be evaluated in order to determine performance effectiveness. Considerable research is already underway with respect to developing more and better measures of performance.

It must be recognized, however, that this recommendation concerns the still evolving and unsettled nature of Federal versus local government roles in managing of the decentralized CETA programs. This is particularly relevant to suggestions that the Department of Labor should, in its "oversight roles," "require" or "assure that" the local sponsors do specific things in specific ways.

This is the basic reason why we "have been slow in developing" national performance standards. A great deal of attention has been devoted to it, in close consultation with sponsor representatives after initial efforts found undesirable side-effects of initially developed standards, but there is still a question on how to combine effectively the objective of improved managerial performance through use of workable standards suitable for diverse settings and projects and the objective of sponsor discretion and flexibility in devising overall programs and individual projects tailored to local circumstances.

-- assure that prime sponsors (1) have management information systems which provide the data discussed above, and (2) make adequate evaluations of program activities.

RESPONSE. We concur with the need for more extensive prime sponsor, MIS and evaluation systems. Our current review of the existing monitoring, evaluation and MIS systems include a review of the prime sponsor's part in these systems. Once we have finalized our new system, prime sponsors will be required or requested, as appropriate, to incorporate relevant new procedures.

-- revise the quarterly Federal reports to provide adequate information to evaluate the training activities operated under title I.

RESPONSE. We concur that some appropriate changes are needed. Appropriate changes in reporting forms are anticipated once we have determined exactly what the new information requirements need to be and once we have assured ourselves that the current data systems can provide or can be modified to provide the necessary information.

Sincerely,

ALFRED A. ZUCK
Assistant Secretary for
Administration and Management

GAO Note:

Deleted comment refers to material contained in the proposed report which has been revised in the final report.

PRINCIPAL DEPARTMENT OF LABOR OFFICIALS

RESPONSIBLE FOR ADMINISTERING

ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
SECRETARY:		
Ray Marshall	Jan. 1977	Present
W. J. Usery, Jr.	Feb. 1976	Jan. 1977
John T. Dunlop	Feb. 1975	Jan. 1976
ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING:		
Ernest G. Green	Mar. 1977	Present
William B. Hewitt (acting)	Feb. 1977	Mar. 1977
William H. Kolberg	Apr. 1973	Jan. 1977

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